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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 7, 2001

Chuck Semborski, Environmental Supervisor
Energy West Mining Company
P. O. Box 310
Huntington, Utah 84528

Re: Five Year Permit Renewal, Deer Creek Mine, PacifiCorp, C ~~CONFIDENTIAL~~ RN00, O

File

Chuck

Dear Mr. Semborski:

The permit renewal for the Deer Creek Mine is approved, effective February 7, 2001. Enclosed is the State Decision Document for Permit Renewal which includes two (2) copies of the renewed permanent program permit for the Deer Creek Mine. Please read the permit to be sure you understand the requirements of the permit, then have both copies signed by the appropriate PacifiCorp representative and return one to the Division.

If you have any questions, please call me.

Sincerely,

Lowell

Lowell P. Braxton
Director

pgl/sm

Enclosures:

cc: James Fulton, OSM
Price Field Office

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UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL

Deer Creek Mine
PacifiCorp
C/015/018
Permit Renewal
Emery County, Utah

February 7, 2001

Contents

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ADMINISTRATIVE OVERVIEW

PacifiCorp
Deer Creek Mine
C/015/018
Emery County, Utah
February 7, 2001

Background

The original permit for the Deer Creek Mine was issued February 7, 1986 for approximately 14, 620 acres. The mining plan for Federal leases SL-064607-064621, SL-064900, SL-070645, U-1358, U-02292, U-084923, U-084924, U-083066, U-040151, U-044025, U-014275, U-024319, and U-47979 was approved on October 11, 1985 for the Deer Creek Mine. A Waste Rock Storage Facility was added September 1988. The permit was successively renewed on February 7, 1991 and again of Feb 7, 1996. A reclamation surety bond in the amount of \$3,000,000 is currently posted for reclamation at the Deer Creek Mine, escalated through 2006.

The January 8, 1993 mining plan approval (IBC-1) added 120 acres of coal (80 acres in a portion of Lease No. U-47977 and 40 acres in a portion of Lease No. SL-050862). The July 22, 1993 mining plan approval (IBC-2) added 160 acres (80 acres in a portion of Lease U-47977 and 80 acres in a portion of Lease SL-050862).

PacifiCorp submitted the original application for the Rilda Canyon Lease Extension which included Leases U-7653, U-47977, U-06039, and SL-050862 on February 12, 1990 and resubmitted an application on February 8, 1994. This submittal was revised on June 27, 1994 as an incidental boundary change (IBC-3) to include development mining only in U-06039, U-47977, and SL-050862 (approximately 100,000 tons). Included in the revised application was longwall mining the Second, Third and Fourth East panels and development mining in the Third North Mains and the Sixth East Gate. Longwall mining proceeded in areas that were previously approved as incidental boundary changes with mining plan approval dates of January 8, 1993 (IBC-1) and July 22, 1993 (IBC-2). Entry development mining in the Third North Mains and the Sixth East Gates entailed about 40 acres beyond the currently approved permit boundary in Leases U-06039, U-47977 and SL-050862. IBC-3 was approved July 28, 1994.

The surface facilities associated with the Rilda Canyon Lease extension were approved as a significant revision to the Deer Creek Mine permit on July 31, 1995.

The North Rilda Lease Area was approved by the Division for mining on July 15, 1997. The North Rilda Lease Area include federal leases U-2810, U-24317, SL-051221, and the remaining part of U-06039.

Public Notice

PacifiCorp made application to the Division of Oil Gas and Mining for a five year permit renewal for the Deer Creek Mine on October 30, 2000. This renewal encompasses the same permit area and disturbance as currently approved in the permit. The renewal application was determined administratively complete November 15, 2000. Public notice for this permit renewal was published in the Emery County Progress on November 21, 28, December 5 and 12, 2000.

The Emery Water Conservancy District responded to the publication with a letter of comment. The Conservancy District suggested the Division incorporate wording from the Utah State Water Plan into all coal mining permits at renewal. This was only a suggestion, not a request for an informal conference.

The State Office of Planning and Budget responded with comment from Division of Air Quality that mining activities are subject to Utah Air Conservation Rules. This comment was forwarded to PacifiCorp.

Recommendation for Approval

The Division made the decision on February 7, 2001 to approve the permit renewal for five years based on the fact that:

1. The terms and conditions of the existing permit are being satisfactorily met.
2. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program.
3. The renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on existing permit areas.
4. The operator has provided evidence of having liability insurance and a performance bond which will be in effect for the operation and will continue in full force and effect.
5. The permit is conditioned with the requirement to:
 - Notify the Division if quantities of groundwater are encountered which are greater than 5 gpm.
 - Obtain written approval from the Division prior to vehicle access to the Rilda Canyon Surface Facilities December 1 to April 15.
 - Submit water quality data through the Electronic Data Input web site.

PERMITTING CHRONOLOGY

PacifiCorp
Deer Creek Mine
C/015/018
Emery County, Utah
February 7, 2001

October 30, 2000	PacifiCorp submits permit renewal application for the Deer Creek Mine.
November 15, 2000	Division issues Determination of Completeness for permit renewal.
November 16, 2000	Permit renewal completeness determination sent to applicable state, federal, and county agencies with a note that comments must be received by January 14, 2001.
November 21 and 28 December 5 and 12, 2000	Public notice for permit renewal for the Deer Creek Mine published in the <u>Emery County Progress</u> .
January 10, 2001	Letter from Emery Water Conservancy District with suggestion for all permit renewals.
January 11, 2001	End of public comment period.
January 16, 2001	Letter from State Office of Planning and Budget with comment from Division of Air Quality.
February 7, 2001	Permit is renewed effective, February 7, 2001.

PERMIT RENEWAL FINDINGS

PacifiCorp
Deer Creek Mine
C/015/018
Emery County, Utah
February 7, 2001

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of maintaining liability insurance in full effect (Associated Electric & Gas Insurance Services Limited, Policy U0614A1A00)(R645-303-233.140).
6. The operator has a reclamation surety on file with the Division and has provided evidence that the surety will remain in full effect. (Surety Performance Bond issued by St. Paul Fire and Marine Insurance Co., #400 JN 6140 in the amount of \$3,000,000.) (R645-303-233.150).
7. To date, the operator has submitted updated information as required by the Division through this permit term. (R645-233.160).


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

FEDERAL

PERMIT
Permit Number C/015/018

February 7, 2001

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, suite 1210
Salt Lake City, Utah 84114-1210
(801) 538-5340

This permit, C/015/018, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

PacifiCorp
201 South Main Street
Salt Lake City, Utah 84140-0021
(801-220-4618)

for the Deer Creek Mine. A Surety Bond is filed with the Division in the amount of \$3,000,000, payable to the State of Utah, Division of Oil, Gas and Mining and the United States Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM). The Division must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to conduct coal mining and reclamation operations on the following described lands within the permit area at the Deer Creek Mine, situated in the state of Utah, Emery County:

T16S, R6E, SLB&M Emery County, Utah

Section 25: E $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$.
Section 36: All.

T16S, R7E, SLB&M Emery County, Utah

Section 19: SE $\frac{1}{4}$.
Section 20: E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$.
Section 22: SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$.
Section 27: SW $\frac{1}{4}$.
Section 28: W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$.
Section 29: All.
Section 30: E $\frac{1}{2}$, Lot 4.

Section 31: All.
Section 32: All.
Section 33: All.
Section 34: NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$.

T17S, R6E, SLB&M Emery County, Utah

Section 1: Lots 1, 2, 3, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$.
Section 12: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
Section 13: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
Section 24: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
Section 25: N $\frac{1}{2}$ NE $\frac{1}{4}$,
Beginning at the SE corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 25, T17S, R6E,
SLB&M; Thence, north 160 rods, west 116 rods to the center line of the
Cottonwood Creek; thence southerly along centerline of said creek to a
point 84 rods west of the beginning; thence, east 84 rods to the beginning.

T17S, R7E, SLB&M Emery County, Utah

Section 2: Lots 2, 5, 6, 7, 10, 11, 12, SW $\frac{1}{4}$, SE $\frac{1}{4}$.
Section 3: W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$.
Section 4: All.
Section 5: All.
Section 6: All.
Section 7: All.
Section 8: All.
Section 9: All.
Section 10: All.
Section 11: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, Portions of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ west of the
Deer Creek fault, W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$, Portions of the E $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ west of the
Deer Creek fault.
Section 14: Portions of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ west of the Deer Creek fault,
Portions of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ west of the Deer Creek fault,
Portions of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ west of the Deer Creek fault, Portions of the
SW $\frac{1}{4}$ SW $\frac{1}{4}$ west of the Deer Creek fault.
Section 15: All.
Section 16: All.
Section 17: All.
Section 18: All.
Section 19: All.
Section 20: All.
Section 21: All.

Section 22: $W\frac{1}{2}$, $NE\frac{1}{4}$, $W\frac{1}{2} SE\frac{1}{4}$, $W\frac{1}{2} E\frac{1}{2} SE\frac{1}{4}$, Portions of the $E\frac{1}{2} SE\frac{1}{4}$ $SE\frac{1}{4}$ west of the Deer Creek fault, Portions of the $SE\frac{1}{4} NE\frac{1}{4} SE\frac{1}{4}$ west of the Deer Creek fault.

Section 27: $N\frac{1}{2} NW\frac{1}{4}$, $NW\frac{1}{4} NE\frac{1}{4}$, $W\frac{1}{2} E\frac{1}{2} NE\frac{1}{4}$, Portions of the $E\frac{1}{2} E\frac{1}{2} NE\frac{1}{4}$ west of the Deer Creek fault.

Section 28: $N\frac{1}{2} N\frac{1}{2}$.

Section 29: $N\frac{1}{2} N\frac{1}{2}$.

Section 30: Lots 1, 5, 6, $N\frac{1}{2} NE\frac{1}{4}$, $SW\frac{1}{4} NE\frac{1}{4}$, $NW\frac{1}{4} SE\frac{1}{4}$.

Beltline Corridor

Beginning at a point S $0^{\circ} 22'$ E, 142.4 feet from the SW corner of $NW\frac{1}{4}$ of Section 1, T17S, R7E, SLB&M; thence, N $49^{\circ} 53' 23''$ E, 2395.4 feet; thence, S $40^{\circ} 10' 42''$ E, 101.94 feet; thence, S $49^{\circ} 52' 03''$ W, 2481.12 feet; thence, N $0^{\circ} 22'$ W, 276.25 feet to the point of beginning.

Waste Rock Site

Beginning 10 feet South of the NE corner of Section 6, T17S, R8E, SLB&M; thence, S $89^{\circ} 52' 00''$ W, 1272 feet; thence S $0^{\circ} 08' 00''$ E, 600 feet; thence, S $83^{\circ} 28' 43''$ E, 302.035 feet; thence, S $72^{\circ} 54' 35''$ E, 314.083 feet; thence, S $63^{\circ} 06' 41''$ E, 224.508 feet; thence, S $48^{\circ} 18' 17''$ E, 268.404 feet; thence, S $00^{\circ} 06' 47''$ E, 395.999 feet; thence, S $24^{\circ} 27' 41''$ W, 567.331 feet; thence, S $41^{\circ} 59' 50''$ W, 1009.675 feet; thence S $41^{\circ} 10' 40''$ E, 100 feet; thence, N $43^{\circ} 39' 42''$ E 2237.446 feet; thence N $27^{\circ} 28' 27''$ E 1266.136 feet; thence, N $89^{\circ} 40' 41''$ W, 1015.357 feet; to the point of beginning.

The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This permit is effective February 7, 2001, and expires on February 7, 2006.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Division Director. Transfer, assignment

or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13 {e} and R645-303-300.

- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
 - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:
- (a) Any accelerated or additional monitoring necessary to determine the nature and extent of noncompliance and the results of the noncompliance;
 - (b) immediate implementation of measures necessary to comply; and
 - (c) warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
- Sec. 9 DISPOSAL OF POLLUTANTS** - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 10 CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:
- (a) in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and

- (b) utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 11 EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit area in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 18 SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The

permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: James P. Bruff

Date: 2/7/01

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

**Authorized Representative of
the Permittee**

Date: _____

Attachment A

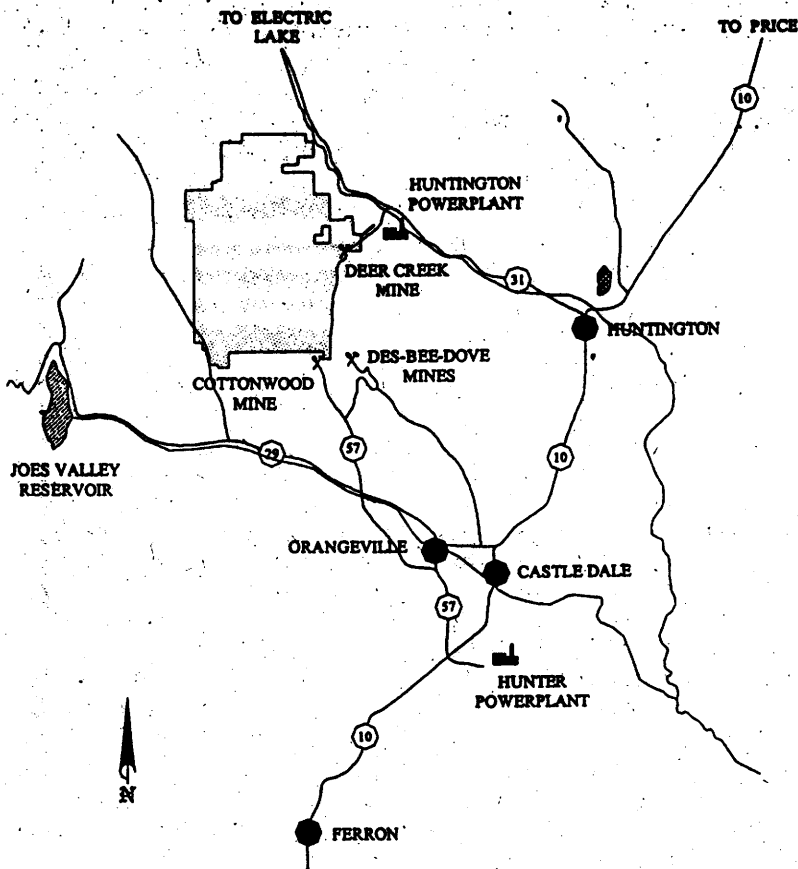
SPECIAL CONDITIONS

1. If during entry development, sustained quantities of groundwater are encountered which are greater than 5 gpm from a single source in an individual entry, and which continue after operational activities progress beyond the area of groundwater production, PacifiCorp must monitor these flows for quality and quantity under the approved baseline parameters. PacifiCorp will notify the Division within 24 hours prior to initiation of monitoring.
2. This special condition is for normal working circumstances and does not apply in an emergency situation: Vehicle access will not be allowed in Rilda Canyon from December 1 to April 15 for construction, maintenance and/or repair of the Rilda Canyon Surface Facilities without prior written approval from the Division. Access will be allowed to the Rilda Canyon Surface Facilities through the Deer Creek Mine portals.
3. PacifiCorp will submit water quality data for the Deer Creek Mine beginning with data for the second quarter of 2001 in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.

PACIFICORP DEER CREEK MINE PERMIT RENEWAL APPLICATION

PacificCorp, by and through its wholly-owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, hereby submits an application for a permit renewal of the Deer Creek Mine for the purposes of conducting mining and reclamation activities. The permit area encompasses approximately 17,000 acres as located on the area map below.

A surety bond is filed with the Division of Oil, Gas and Mining and is payable to the State of Utah, Division of Oil, Gas and Mining (DOGM), and the Office of Surface Mining Reclamation and Enforcement (OSM).



A copy of the permit renewal application may be examined at the office of the Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801 and also at the Records Office located in the Emery County Courthouse in Castle Dale, Utah. Written comments, objections, or requests for an informal conference may be submitted to the Division of Oil, Gas, and Mining address above. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Published in the Emery County Progress on November 21, 28, December 5, and 12, 2000.